

# European Communities

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## EUROPEAN PARLIAMENT

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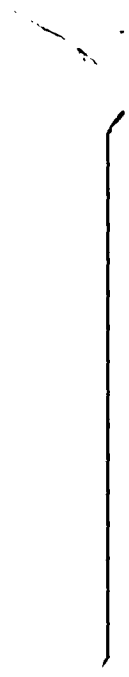
## Report

on behalf of the Committee on Economic and Monetary Affairs

on the proposal from the Commission of the European Communities to the  
Council (Doc. 182/73) concerning ~~the~~ annual report on the economic situation in  
the Community

Rapporteur : Mr J.-E. BOUSCH

PE 34.128/fin.



By letter of 3 October 1973 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 4 of the Council Decision of 22 March 1971 on the strengthening of coordination of short-term economic policies of the Member States of the European Economic Community, to deliver an opinion on the draft annual report on the economic situation in the Community (Doc. 182/73).

On 5 October 1973 the President of the European Parliament referred this proposal to the Committee on Economic and Monetary Affairs, as the committee responsible, and to the Committee on Budgets for its opinion.

The Committee on Economic and Monetary Affairs appointed Mr BOUSCH rapporteur on 5 April 1973 and confirmed this appointment on 13 September 1973.

The committee discussed the proposal at its meetings of 1/2 October and 11/12 October 1973.

On 12 October 1973 the committee unanimously adopted this motion for a resolution.

Present at the meeting:

Mr Lange, chairman; Mr Notenboom, vice-chairman; Sir Brandon Rhys Williams, vice-chairman; Mr Bousch, rapporteur; Mr Artzinger, Mr Burgbacher, Mr Federspiel, Mr Flämig (deputizing for Mr Cifarelli); Mr Harmegnies and Mr Scholten.

The opinion of the Committee on Budgets is attached to this report.



The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council concerning the annual report on the economic situation in the Community.

The European Parliament,

- having regard to the proposal from the Commission concerning the annual report on the economic situation in the Community (Doc. 182/73);
  - having been consulted by the Council pursuant to Article 4 of the Council decision of 22 March 1971 on the strengthening of coordination of short-term economic policies of the Member States of the European Economic Community<sup>1</sup>;
  - having regard to the medium-term economic policy programme for the period 1971-1975;
  - having regard to the Council resolution of 5 December 1972 on measures to be taken against inflation<sup>2</sup>;
  - having regard to its resolutions of 11 October 1972, 15 February 1973 and 9 May 1973<sup>3</sup>;
  - having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 191/73);
  - having regard to the attached opinion of the Committee on Budgets;
1. Reiterates its warning that the persistent and rapid increases in prices could have grave repercussions not only in the socio-economic sphere but, ultimately, also on the social system;
  2. Notes that the Council's conjunctural policy recommendations were again only partly followed last year and that not all the Member States attached the same importance to the economic policy objectives, thereby jeopardizing the attainment of economic and monetary union, a priority Community objective;

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<sup>1</sup> OJ No. L 73, 27.3.71, p. 12

<sup>2</sup> OJ No. C133, 23.12.72, p. 12

<sup>3</sup> OJ No. C112, 27.10.72 p. 27; OJ No. C 14, 27.3.73, p. 36; OJ No. C 37, 4.6.73, p. 45

3. Calls upon the Council to adopt a decision, pursuant to Article 235 of the Treaty, extending and strengthening the decision-making and executive powers of the Community institutions in the field of economic policy, and urges the Commission finally to put forward a draft regulation on stability, economic growth, a high level of employment and balanced external trade, so as to make available in the Community not only uniform policies but also uniform instruments;
4. Endorses the assessment of the economic situation and the conjunctural policy proposals contained in the draft annual report on the economic situation in the Community;
5. Urges, however, that these proposals be supplemented or made more specific as regards the following points:
  - Although a strict budgetary, monetary and credit policy is, generally speaking essential, inflation can only be effectively combated if the authorities also share the responsibility for prices and incomes trends;
  - More information about incomes must be provided;
  - Budgetary, monetary and credit policy measures must now be supplemented by supervision of prices as proposed in the Council's resolution of 28 June 1973<sup>1</sup>;
  - In view of the reluctance of the authorities and the two sides of industry to take resolute action against inflation, thought must be given to securing public support for the energetic measures needed to ensure that in the fight against inflation the burden is equitably distributed;
  - To this end, a Community programme of action based on the annual economic report should be announced and implemented simultaneously throughout the Community and backed by the requisite publicity, in order to overcome the fatalistic attitude to inflation;
6. Considers that an early return to order in international monetary affairs is also of great importance for price stability;
7. Instructs its President to forward this resolution and annex to the Council and Commission of the European Communities, and also to the national parliament and governments of the Member States.

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<sup>1</sup> Para. VI

Opinion of the Committee on Budgets

Draftsman of the opinion: Mr H Notenboom.

On 27 September 1973 the Committee on Budgets appointed Mr Notenboom draftsman.

It considered the opinion at its meeting of 10 October and adopted it by ten votes to one.

The following were present:

Mr Spénale, chairman; Mr Aigner, vice-chairman; Mr Notenboom, draftsman of the opinion; Mr Artzinger, Mr Fabbrini, Mr Laudrin, Mr Memmel, Mr Müller, Mr Nolan, Mr Pounder, Mr Terrenoire and Mr Wohlfart.

The Committee on Budgets proposes the addition of the following paragraphs to the motion for a resolution of the Committee on Economic and Monetary Affairs, as the committee responsible:

1. Believes that because their economies are interrelated and in view of the interaction of measures taken by them, the Member States must bring about better coordination of their budgetary policies and implement more strictly the recommendations made by the Community institutions in the annual report on the economic situation of the Community;
2. Urges the Commission and Council in making recommendations to individual States to adopt as far as possible the terminology used in that State, so that governmental proposals can be compared with the recommendations of the Community in the national parliaments without being misconstrued;
3. Considers it necessary for effective steps to be taken to make the budgets of Member States more mutually comparable;
4. Urges rapid action to involve the three new Member States more closely in the coordination of budgetary policy;
5. Asserts that the rate of growth of public expenditure must in general not exceed that of the gross national product;
6. Considers moreover that, in conjunction with budgetary policy, taxation policy can be used as an instrument of social policy permitting the implementation of an incomes policy designed to bring about a more equitable distribution of incomes;
7. Hopes that the national parliaments can consider the budgets of their countries in terms not only of national interests but also of the requirements of the Community as a whole.